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SENSITIVE

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FROM AIT KAOHSIUNG BRANCH OFFICE

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SUBJECT: PRESIDENTIAL ELECTION IN SOUTHERN TAIWAN: DPP, KMT SEE CLOSE FIGHT IN KAOHSIUNG

REF: Taipei 000371

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

¶1. (SBU) Summary: In separate meetings on March 19 with the Director, DPP Kaohsiung County Magistrate Yang Chiu-Hsing insisted that the DPP had surged into the lead in this hotly-contested county, but KMT County Chair Liu Ching-tien claimed the race was nearly even. Yang believed that the "one-China market" had hit a nerve with county voters. In contrast, Liu suggested that centrist voters could see through DPP criticisms. While Yang acknowledged that President Chen had weighed down DPP prospects, Liu stressed that county voters were tired of the lethargic economy and corruption under Chen. This January, the KMT crept close to the DPP in Kaohsiung County's legislative election party vote. An appeal to centrists, the KMT hopes, will keep Hsieh from pulling away in this key southern battleground. End Summary.

¶2. (SBU) On a March 19 trip to southern Taiwan to discuss Taiwan's elections, Director Young met separately with Kaohsiung County Magistrate Yang Chiu-Hsing and Kaohsiung County KMT Chairman Liu Ching-tien. One of southern Taiwan's key election battlegrounds, Kaohsiung County went decisively for President Chen in 2004 but lost three of its four seats to the KMT in the January 2008 Legislative Yuan (LY) election. Magistrate Yang, popular among county voters for his clean reputation and environmental protection initiatives, supported Frank Hsieh's running mate Su Tseng-chang during the DPP primaries but has campaigned actively for Hsieh in the general election. Liu is a longtime Kaohsiung County KMT stalwart, who is reportedly working pro-bono for the KMT due to the local party's financial difficulties.

DPP's Yang: Hsieh Gaining Momentum

¶3. (SBU) On Ma Ying-jeou's alleged green card, Yang suggested that if Ma was lying about his green card, he might even have U.S. citizenship. In fact, Yang noted, Ma has sued Yang for making that charge at the DPP's Kaohsiung rally on March 16. Accusing the media of treading lightly on Ma's credibility problem, Yang suggested that voters were holding the DPP to a higher standard than the KMT.

¶4. (SBU) While Hsieh's political fortunes were lagging a week ago, Yang confided, the DPP's "overwhelming" Kaohsiung rally on March 16 had turned momentum in Hsieh's favor. He conceded that Ma would win northern Taiwan but predicted Hsieh would prevail in the south, albeit with a margin smaller than in 2004. The new Kaohsiung

subway, which to date had attracted two million satisfied riders, would also boost Hsieh's campaign. If centrist voters continued to trend towards the DPP, Yang estimated the DPP would win Kaohsiung County by at least 100,000 votes.

¶5. (SBU) Yang stressed that four issues were resonating with grass-roots voters: the one-China market, the imbroglio at Frank Hsieh campaign headquarters in Taipei, Ma's statements on eventual unification with China, and Ma's green card controversy. The DPP found the one-China market issue particularly effective, he stated, since voters knew such a market was completely unrealistic. Panning Ma's comparison of the concept to the EU, Yang explained that China had a population 60 times bigger than Taiwan's, a balance which bore no resemblance to the EU's common market of roughly similar states. Yang believed the UN referendum could still help the DPP, but only President Chen was talking it up.

¶6. (SBU) Responding to the Director's comments on pent up Tibetan frustration in China, Yang mentioned that during a 1998 visit to Beijing, he noticed poor people scavenging for food around a temple complex. Tibet showed China's "feudal thinking," he said, but Chinese leaders would probably be less harsh with places like Hong Kong and Macau in an effort to appeal to Taiwan. He called Ma's China policy inconsistent, contrasting Ma's past support for both sides resolving the cross-strait problem with his current position exhorting Taiwan's people to decide Taiwan's future.

¶7. (SBU) Yang agreed with the Director's analysis of the challenge Hsieh faced in trying to distinguish himself from President Chen. The media's distortion of Chen's statements had made the task even more difficult, as swing voters had turned away from Chen. He suggested that Chen's "straightforward" personality made swing voters uneasy, so unless Hsieh distanced himself from Chen, he would

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lose. In the January 2008 Legislative election, Chen's statements about martial law probably cost the DPP seven to eight percent support. Nevertheless, Chen's charisma was still appealing to deep-Green voters, so Hsieh could not separate himself from Chen entirely. Yang noticed that recently Chen had been unusually low key, still appearing in public but not making any speeches. In the last days before the election, this would be sufficient to help Hsieh consolidate the DPP's base.

¶8. (SBU) Asked to identify the DPP's future generation of political leaders, Yang appeared briefly stumped. He noted only that he planned to retire at the age of 52 when his term ended in 2009 and that one potential leader, Tainan County magistrate Su Huang Chih, was the same age. He stressed that one of the most important leadership qualities was experience, a prerequisite for any President.

KMT's Liu: KMT Staying Close in South

¶9. (SBU) Kaohsiung County KMT Chairman Liu was certain that grass-roots yearning for change would help the KMT improve on its 2004 performance. While the KMT may still lose the county, the gap could shrink to around 50,000 votes. The lagging economy was the main issue and could work to the KMT's advantage. Voters were tired of the DPP's economic mismanagement and corruption over the last eight years and punished the DPP in the January 2008 legislative elections. Two months later, KMT morale is still high. He attributed the KMT's legislative election success in Kaohsiung County to high-quality candidates, which convinced him that voters were looking for a candidate with a good image.

¶10. (SBU) Liu described Ma's "long stay" campaign in the county as beneficial for both the KMT's legislative and Presidential campaigns. If Ma wins the Presidency, Liu stated, the "long stay" strategy would be a primary reason. Ma's "long stay" effort showed a knack for retail politics, which previous KMT presidential candidates lacked. His stays excited the grass roots, drew big crowds, and strengthened party unity, as Wang Jin-pyng and other party leaders helped to arrange his itineraries.

¶11. (SBU) Liu underscored that swing voters, which made up approximately twenty percent of Kaohsiung County's electorate, would decide the election there. He insisted that issues like concern over one-Party rule would not significantly affect swing voters, as they had clear judgment. He called the DPP "hypocritical" on one-Party rule, since the DPP under President Chen was urging voters just a few years ago to give him and the DPP a Legislative Yuan majority. The voters gave the KMT its legislative majority, he pointed out, and the voters, not the KMT, would decide who should get the Presidency.

¶12. (SBU) On the one-China market, Liu decried DPP distortions and defended the KMT's approach. Ma and Siew's goal was to expand Taiwan's market throughout the world, not just China. The DPP was conflicted, he explained, since it knew deeper economic ties with China were unavoidable but needed the one-China market controversy to generate political support. He feared the DPP's manipulation would confuse centrist voters and increase fear of China. The Tibet situation would only reinforce this fear, since voters would turn against China's bullying.

¶13. (SBU) Liu noted that 1.4 million young people would vote for President for the first time. In 2004, young voters strongly supported the DPP, but this year, they were leaning towards Ma. Their main concern was their future, and Ma's economic policies offered them the most hope. By contrast, they felt the DPP had no economic vision over the last eight years. In fact, Liu explained, Ma and Hsieh's economic policies were quite similar, but the KMT would be more effective at implementing them.

¶14. (SBU) Since bad weather was more likely to deter less-enthusiastic pan-Blue voters, Liu hoped for good weather on election day. He noted that turnout in Kaohsiung Country in 2004 was 81.6 percent, and this year, it would probably reach 75-80 percent. He emphasized that his prediction that the KMT would come close in Kaohsiung County was actually a conservative estimate, adding that the KMT was on guard against any DPP "dirty tricks" in the election's final days.

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Comment

¶15. (SBU) With nearly 800,000 eligible voters, Kaohsiung County is southern Taiwan's second biggest voting area. In 2004, Chen whipped his opponent in the county by almost 17 percent and 122,000 votes, but none of AIT/K's contacts believes Hsieh will approach that figure on Saturday. While most of our interlocutors share Magistrate Yang's view that the one-China market and other late-in-the-game issues have consolidated the DPP's southern base (reftel), neither Yang nor the KMT's Liu see the county's centrist voters decisively shifting to the DPP. Since the KMT nearly drew even with the DPP in the county's 2008 Legislative Yuan party-vote tally, our local KMT contacts hold out hope that a strong focus on the county's undecided centrist voters will be enough to keep Hsieh from duplicating Chen's big win in this key southern battleground.

CASTRO

YOUNG